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OFFICE OF SECRETARY

Federal-State Joint Board on
Universal Service

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COMMENTS OF THE COUNCIL OF THE GREAT CITY SCHOOLS

The Council of the Great City Schools, the coalition of nearly fifty of the largest urban, central city school districts of the nation, request the consideration of the following comments to the July 3, 1996 Public Notice.

SUMMARY

The Council of the Great City Schools believes that current rates are not affordable for inner city school districts. In order to promote access and equity for urban school children, who are often deprived of an equitable educational opportunity, affordability is critical. While virtually any factor used to adjust for access and equity has limitations, there are existing models such a variety of formulas within Title I or the school lunch program which have a long history of effectiveness. Cost of living is an essential factor to consider, and should be used to adjust other potentially skewed factors such as income, wealth proxies, property valuation, etc. The Commission should be wary of the creation of new models specifically for universal services purposes as other factors have not passed the test of time. Universal access is not achieved if all services are not receiving discounts nor if the service stops at the street and never enters the classroom. Discounts should be reductions in price and should be targeted solely on the express entities of this provision of the Act - schools, libraries, and health providers. Finally, the Council continues to recommend establishment of a permanent advisory body

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to the Commission comprised of school districts with particular access problems such as inner city and rural schools.

COMMENTS

1. is IT APPROPRIATE TO ASSUME THE CURRENT RATES FOR SERVICES INCLUDED WITHIN THE DEFINITION OF UNIVERSAL SERVICE ARE AFFORDABLE DESPITE VARIATIONS AMONG COMPANIES?

It is not appropriate to make this assumption since most of school districts are paying commercial rates primarily designed for businesses, rather than publicly-funded, non-profit, public service agencies.

2. TO WHAT EXTENT SHOULD NON-RATE FACTORS, SUCH AS SUBSCRIBERSHIP LEVEL, TELEPHONE EXPENDITURES AS A PERCENTAGE OF INCOME, COST OF LIVING, OR LOCAL CALLING AREA SIZE BE CONSIDERED IN DETERMINING AFFORDABILITY AND REASONABLE COMPARABILITY OF RATES?

Non-rate factors are essential in determinations of affordability and in establishing a discount structure. Factors such as expenditures, however, often reflect a variety of decision options which are unrelated to affordability at the individual and at the school district levels. Cost of living is an essential factor to consider, and should be used to adjust other potentially skewed factors such as income, wealth proxies, property valuation, etc.

6. SHOULD THE SERVICES OR FUNCTIONALITIES ELIGIBLE FOR DISCOUNTS BE SPECIFICALLY LIMITED AND IDENTIFIED, OR SHOULD THE DISCOUNT APPLY TO ALL SERVICES?

Consistent with our response to NPRM Question 9 and Section IVB, the rapid evolution of telecommunications technology and the increasing capacity of schools to utilize that technology, if affordable and accessible, suggests that all available services be eligible for discounts.

7. DOES SECTION 254(H) CONTEMPLATE THAT INSIDE WIRING OR OTHER INTERNAL CONNECTIONS TO CLASSROOMS MAY BE ELIGIBLE FOR UNIVERSAL SERVICE SUPPORT OF TELECOMMUNICATIONS SERVICES PROVIDED TO SCHOOLS AND LIBRARIES? if SO WHAT IS THE ESTIMATED COST OF INSIDE WIRING AND OTHER INTERNAL CONNECTIONS?

Section 254(h) does contemplate internal connections. Universal service and access are not realities if they stop at the street. The equipment costs of wiring and internal connections are fairly standardized, however, the labor costs will vary by area in accordance with prevailing wages and cost of living factors, cited as important considerations above. The overall cost of internal connections within schools across the nation is estimated at approximately \$6 billion.

10. SHOULD THE RESALE PROHIBITION IN SECTION 254(H)(3) BE CONSTRUED TO PROHIBIT ONLY THE RESALE OF SERVICES TO THE PUBLIC FOR PROFIT, AND SHOULD IT BE CONSTRUED SO AS TO PERMIT END USER COST BASED FEES FOR SERVICES? WOULD CONSTRUCTION IN THIS MANNER FACILITATE COMMUNITY NETWORKS AND/OR AGGREGATION OF PURCHASING POWER?

No, expanding the number of entities, including broad community networks of other agencies, that draw upon a subsidized rate beyond the statutory "schools, libraries, and health care providers" would divert essential resources away from the deepest possible discounts for the narrow set of expressly targeted entities in the legislation. If Congress had wanted to include other entities, it would have done so directly.

12. SHOULD THE DISCOUNTS BE DIRECTED TO THE STATE IN THE FORM OF BLOCK GRANTS?

No, the Act specified schools, libraries, and health providers, not states. Discounts in our opinion are reductions in price, not grants-in-aid either directly or through a state-based middleman.

13. SHOULD DISCOUNTS FOR SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS TAKE THE FORM OF DIRECT BILLING CREDITS FOR TELECOMMUNICATION SERVICES PROVIDED TO ELIGIBLE INSTITUTIONS?

No, discounts in our opinion are reductions in price, not billing credits.

17. HOW SHOULD DISCOUNTS BE APPLIED IF AT ALL FOR SCHOOLS AND LIBRARIES AND RURAL HEALTH CARE PROVIDERS THAT ARE CURRENTLY RECEIVING SPECIAL RATES?

The lower of the current special rate or the discounted rate should be available in such cases.

19. SHOULD AN ADDITIONAL DISCOUNT BE GIVEN TO SCHOOLS AND LIBRARIES LOCATED IN RURAL, INSULAR, HIGH COST AND ECONOMICALLY DISADVANTAGED AREAS?

Yes. The these specified areas should receive additional discounts based upon costs and levels of economic deprivation. Expenditure levels should not be a factor in eligibility for additional discounts, since expenditures are a function of discretionary decision-making options often unrelated to costs or economic conditions. Either a sliding scale or step approach would be appropriate for discounts and additional discounts. This should be a federal determination under the universal service provisions of the Act, and not a state PUC determination

20. SHOULD THE COMMISSION USE SOME EXISTING MODEL TO DETERMINE THE DEGREE TO WHICH A SCHOOL IS DISADVANTAGED (E.G. TITLE I OF NATIONAL SCHOOL LUNCH PROGRAM)? WHICH ONE? WHAT IF ANY MODIFICATIONS SHOULD THE COMMISSION MAKE?

Yes. The Commission should be wary of any newly created models designed specifically for this rulemaking initiative. Virtually any choice of factors has its own limitations. Some factors proffered by education coalitions using median income, or median home value, for example, and suffer from a failure to account for cost of living differences in highly urbanized and certain very remote areas. Using low population density, for example, is obviously skewed rurally. Using AFDC counts often do not reflect the true poverty levels of certain ethnic groups which tend not to participate in this particular welfare program. And, school lunch counts tend to underenroll families with poor teenage children, and can be skewed by the administrative efforts put forth to sign up the children's

families. Finally, the census count has been acknowledged to have undercounted a number of poor, ethnic, and specific geographic populations. Nonetheless, existing models such as Title I which uses census poverty for federal distribution to states or counties and generally school lunch or AFDC for further allocation within states or counties offer the least level of problems, given up to 30 years of experience with such determinations. It should be noted that the Census counts now have been broken out by school district boundaries in the "School District Mapping Project" for all areas except about of dozen uncompleted California counties. The problem of school jurisdictions not correlating with any national data source has therefore been basically resolved, and is recognized in the 1994 Title I amendments to the funding allocation formula. Additionally, the so-called "Targeted Formula" in Title I establishes a recognized step approach based on numbers and percentages of children in poverty. Both rural and urban poverty are considered in the traditional numbers and percentages approach that has been used since the 1978 amendments in one form or another. The weightings in the 1994 "Targeted Formula" may or may not be as useful since the political filter of the committee members was applied to the weighting, but not to the step distribution. There are experts in the U.S. Department of Education and the Congressional Research Service who could provide further non-biased details on title I. School lunch counts are also a viable option with long term experience, and has the benefit of considering poor and near poor in various areas. (Applicable to Question 21 as well)

Respectfully submitted,



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